

Washington Horse Racing Commission
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2014 Annual Report

February 17, 2015

The Honorable Jay Inslee, Governor
State of Washington
P. O. Box 40002
Olympia, Washington 98504-0002

Dear Governor Inslee:

The Washington Horse Racing Commission (WHRC) is pleased to inform you that in accordance with the Washington Horse Racing Act, Chapter 67.16 RCW, the WHRC Annual Report for the 2013 racing season has been posted on our website, www.whrc.wa.gov.

The WHRC and its staff recognize that horse racing is an economic and recreational asset to the people of Washington. The racing and breeding industries are a valuable sector of the state's economy and agribusiness.

The mission of the WHRC is to regulate pari-mutuel horse racing and support the development of the equine industry. The goals of the WHRC are (1) foster a regulatory environment that promotes the economic benefits of the equine industry, and (2) ensure that the public has confidence in the integrity of pari-mutuel horse racing.

Data on the key agency performance measures is reported in the annual report, which includes:

1. In-state pari-mutuel wagering;
2. Number of live racing days, including the number of races, number of horse starts, and the average number of horses per race at Emerald Downs racetrack in Auburn;
3. Washington-bred owners' bonus and Washington-bred breeder awards distributed;
4. In-state pari-mutuel wagering;
5. Advance deposit wagering and the source market fees derived; and
6. WHRC operating revenue.

The Commissioners and staff appreciate your continued support of the WHRC and the horse racing industry and look forward to working with you to address the challenges that confront horse racing while we work to strengthen its role and sustainability in our state.

Respectfully submitted,

Jeff Colliton, Chair

Paul George

Dr. Everett Macomber

| Distribution of Pari-mutuel Wagers - Emerald Downs and Nonprofit Racetracks 2014 Race Year (September 30, 2013 thru September 28, 2014) | | | |
|--|----------------------|----------------------|----------------------|
| Racetrack | Pari-mutuel Wagering | Returned To Public | Retention |
| Emerald Downs * | 77,663,080.00 | 59,952,315.87 | 17,710,764.13 |
| Sun Downs | 308,311.00 | 249,258.46 | 59,052.54 |
| Total | 77,971,391.00 | 60,201,574.33 | 17,769,816.67 |

* For 2014 the total pari-mutuel wagering at Emerald Downs was down 4.7% from 2013.

| Number of Race Days, Races, Horses, and Average Horses per Race | | | | |
|---|------------------|-----------------|------------------------|------------------|
| | Number Race Days | Number Of Races | Number Horses Starting | Average Per Race |
| Emerald Downs * | 73 | 641 | 4,022 | 6.3 |
| Sun Downs | 6 | 50 | 302 | 6.1 |
| Total | 79 | 691 | 4,322 | 6.3 |

* In 2013 the average number of horses starting at Emerald Downs was 6.7.

Advance Deposit Wagering - [RCW 67.16.260](#).

Advance Deposit Wagering (ADW) is a form of pari-mutuel wagering in which a Washington resident deposits money in an account with an entity authorized by the commission to conduct advance deposit wagering and then the account funds are used for wagers made in person, by telephone, or through communication by other electronic means. A portion of each wager, the "source market fee," made by a person whose principle residence is in Washington is returned to the class 1 racing association and the commission. The source market fee is distributed as purse monies, breeder awards, owners bonus, and operating accounts per [WAC 260-49-070](#).

| Advance Deposit Wagers from Accounts held by Washington Residents 2012 Race Year (September 1, 2013 thru August 31, 2014) | | |
|--|--------------------------------|-----------------------------|
| ADW Company | Wagers by Washington Residents | Source Market Fees Received |
| TVG Network | 37,533,228.60 | 2,332,789.75 |
| Twin Spires | 17,020,535.16 | 1,169,785.05 |
| XpressBet, Inc. | 7,133,561.84 | 503,026.02 |
| Total | 61,687,326.60 | 4,005,600.82 |

Nonprofit Racetracks' Purse Fund - [RCW 67.16.105](#)

In April 2011 the Legislature (ESSB 5747) amended RCW 67.16.105 to limit purses to the nonprofit racetracks (Class C race meets) to only the one tenth of one percent of the daily gross receipts of all in-state pari-mutuel machines. The legislation eliminating fines, source market fees, and interest on the WHRC operating account as a source of revenue to fund purses at the Class C race meets. In 2014 the WHRC provided \$79,818.36 derived from 67.16.105 for purse monies, plus \$30,000 in additional grants from our operating account, to Sun Downs racetrack in Kennewick to fund six days of racing.

Donohue Fund - [RCW 67.16.102\(2\)](#)

Interest derived from the Owner's Bonus Funds in 2013 were paid to the non-profit racetracks in 2014 for maintaining and upgrading their respective racing courses and equine quartering areas. In 2013 Sun Downs was the only non-profit racetrack that applied for racing dates and therefore received 100% of the Donohue Fund dispersed in 2014.

| Donohue Fund Revenue Source | |
|--|--------|
| Interest paid on the Washington-bred Owners' Bonus Funds | 307.82 |

| Donohue Fund Revenue Distribution | |
|--|---------------|
| Sun Downs | |
| Total | 307.82 |

Owners Bonus - [RCW 67.16.102\(1\)](#)

One percent of pari-mutuel wagering during live racing at Emerald Downs and its OTBs is paid at the end of the race year to all licensed owners whose Washington-bred horses place first, second, third, or fourth at Emerald Downs. Owner's bonuses also include 2.5 percent of the source market fee collected from ADW ([WAC 260-49-070](#)). The horse must be a registered Washington-bred to participate in the owner's bonus program. These bonuses were distributed on November, 18 2014.

| Washington-bred Owners' Bonus (Revenue Sources & Distribution) 2014 Race Year (September 30, 2014 thru September 28, 2014) | |
|---|-------------------|
| 1% of Total Wagering – Live Meet (Emerald Downs and OTBs) | 433,531.61 |
| Source market fee (Sept 1, 2013 thru Aug 31, 2014) | 100,140.02 |
| Total Distributed to Owners | 533,671.63 |

Washington-bred Breeder's Award - [RCW 67.16.175](#)

One percent of exotic pari-mutuel wagering¹ during live racing at Emerald Downs and its OTBs is paid at the end of the race year to the breeder of record of Washington-bred horses that finish first, second and third. Breeder's awards also include 2.5 percent of the source market fees collected from ADW ([WAC 260-49-070](#)). These awards were distributed on November, 18 2014.

| Washington-bred Breeders' Awards (Revenue Sources and Distribution) 2014 Race Year (September 30, 2013 thru September 28, 2014) | |
|---|-------------------|
| 1% Exotic Wagering – Live Meet (Emerald Downs & OTSs) | 250,495.69 |
| Source market fee (Sept 1, 2013 thru Aug 31, 2014) | 100,140.02 |
| Total | 350,635.71 |

¹ Exotic wagering is all wagering other than win, place, and show wagering.

Participant Licensing

Every individual participating directly in horse racing is required to have a valid license issued by the WHRC. Listed below are the types of licenses and the number issued in 2014.

| License Types | Number Issued |
|-----------------------------------|---------------|
| Apprentice Jockey | 4 |
| Assistant Trainer | 27 |
| Association Employee (Management) | 16 |
| Association Employee (Hourly) | 224 |
| Association Volunteer | 2 |
| Authorized Agent | 37 |
| Exercise Rider | 130 |
| Groom | 182 |
| Honorary License | 22 |
| Jockey | 59 |
| Jockey Agent | 10 |
| Other | 13 |
| Owner | 1,214 |
| Pony Rider | 88 |
| Prospective Owner | 20 |
| Service Employee | 32 |
| Spouse Groom | 15 |
| Stable License | 182 |
| Trainer | 131 |
| Vendor | 42 |
| Veterinarian | 13 |
| Total | 2,463 |

WHRC Operating Revenue

The WHRC operating account is comprised of revenue received from pari-mutuel tax, source market fees, license fees, fingerprint background fees, race track daily fees, fines, and interest derived on operating account. The revenue sources listed below are based on the calendar year 2014 except the pari-mutuel tax received from Emerald Downs, and source market fees from advance deposit wagering, which are based on the race year of September 30, 2013 through September 28, 2014.

| WHRC Operating Revenue Sources | |
|--|---------------------|
| Licensing Fees | 159,251.00 |
| Fingerprint Background Fees | 18,470.00 |
| Daily Fee Emerald Downs (73 race days @ \$500 per day) | 36,500.00 |
| Daily Fee Nonprofit Tracks (6 race days at \$10 per day) | 60.00 |
| Advanced deposit wagering license fees | 3,000.00 |
| Source market fee | 300,420.06 |
| Fines | 9,325.00 |
| Interest on the WHRC Operating Account | 2,089.71 |
| Pari-mutuel tax on track/OTB wagers | 1,009,624.86 |
| Total | 1,515,740.63 |

